



**THE INSTITUTE OF
CHARTERED ACCOUNTANTS OF INDIA**
(SET UP BY AN ACT OF PARLIAMENT)



2022 MAY

E-NEWSLETTER

THRISSUR BRANCH

**OF SOUTHERN INDIA REGIONAL COUNCIL
OF INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

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EDITOR'S DESK



Dear Members,

This newsletter shall reach you at a time when you are rejoicing the grandeur of the much-awaited Thrissur Pooram. Known for a parade of richly caparisoned elephants, performance of traditional music ensembles, fireworks and a sea of cheering enthusiastic crowd, The Thrissur Pooram is a spectacle not to be missed. Hearty wishes to everyone on this festive occasion.

As the Chairman mentioned in his address, we had attended the Orientation Programme organised for the Managing Committee Members of the Branches of SIRC of ICAI. I must admit that it was a wonderful opportunity and we met and interacted with several stalwarts of our profession. The interaction with the Hon. Vice President, ICAI – CA Aniket Sunil Talati was astounding. He is a visionary and his address only reinstalled my trust and confidence in the Institute. With futuristic leaders like him our Institute will be able to achieve greater altitudes.

During the Orientation Programme we were taken through various initiatives of the Institute and sessions on Branch Governance. I hope we will be able to do justice to our roles as the Managing Committee Members of the Thrissur Branch with renewed vigour and with the newfound knowledge imparted to us.

We were able to interact with several women Managing Committee Members too. We discussed several branch related issues and exchanged a lot of ideas too. It is wonderful to see an increase in women participation in administrative roles.

In this month's newsletter we have published articles written by CA Rajmohan and CA Preetha Shenoy.

CA Rajmohan presents his second article in the Cryptocurrency Series titled – How to buy Cryptocurrency while CA Preetha Shenoy elucidates the provisions of the new "Updated Return -Form U"

*We hope you find the articles informative.
Happy Reading!!*

Jai ICAI Jai Hind

CA DIVYA DHARMARAJAN
NEWSLETTER IN-CHARGE AND SICASA COORDINATOR

CHAIRMAN'S MESSAGE



Dear professional colleagues,

First of all, I wish everyone a belated Vishu, Easter and Eid. I hope everyone has completed their bank audit assignments and enjoyed the festive season too.

The Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Bill, 2022 was passed by Lok Sabha on 30th March, 2022 and Rajya Sabha on 5th April, 2022. The same has received the assent of the Hon'ble President of India on 18th April, 2022. I understand from the message of Hon President of ICAI, CA. (Dr.) Debashis Mitra that many of the important provisions included in the Amendment Act were earlier recommended by the Institute only. Also, we do understand that the Act makes no mention of the Indian Institute of Accountants (IIA). I always believe that the Chartered accountancy profession will scale even better heights. As difficult roads often lead to beautiful destinations the best is yet to come.

The month of April was quite a bit of activity for the branch.

During the month, we conducted three CPE seminars. On 23/04/2022, CA Madhukuttan Pillai presented a paper on Schedule III – An Update on Companies Act and on 26/04/2022 CA Prasanth Srinivas Presented a paper on The Finance Act 2022. Also, on that that day we had a joint programme with TMA, Dhanlaxmi Bank and Bankers Club of Thrissur in which Mr. R K Gurumurthy, the treasury head of Dhanlaxmi Bank gave a talk on the current Global Market conditions. I do recognise the efforts put in by the speakers.

Regarding CPE seminars I do request the members to physically attend whenever possible of course adhering to COVID norms. We at the branch are eager to see you physically. The managing committee has decided not to air the CPE seminars live on Branch YouTube Channel. Instead, the same will be uploaded in YouTube with a 15 day delay from the date of the seminar.

On 28/04/2022 I addressed a foundation awareness programme and close to 100 students and their parents attended the same. Last month the branch conducted one career counselling programme in Sahradaya College and CA Preetha Shenoy was the faculty. The Management Committee of the branch also met twice during the month i.e., on 13/04/2022 and 26/04/2022.

The Management Committee had attended an Orientation Programme on 29th and 30th April 2022 at Hyderabad. We were extremely fortunate to interact with the Hon Vice President of ICAI, CA Aniket Sunil Talati. I must mention that he is a man of ideas and will lead ICAI to greater heights.

Thrissur Pooram is set to make a return in all its grandeur after a pandemic-induced hiatus of two years. I wish all the members a happy Thrissur Pooram. I also use this occasion to remind you that ARS early bird offer expires this month 31st May 2022. Kindly renew to avail the discount.

Jai ICAI Jai Hind

CA. AJITH KAIMAL R
CHAIRMAN

CRYPTO-CURRENCY (PART 2) – THE TRANSACTIONS



CA. RAJMOHAN R

Cont....

How to buy cryptocurrency

A) Through intermediaries

a) *Traditional brokers.*

Cryptocurrency brokers take the complexity out of purchasing crypto, offering easy-to-use interfaces that interact with exchanges for us. Some Brokers charges higher fees than exchanges. Others claim to be “free” while making money by selling information about their customers.

Brokers are convenient for crypto trading, but we have to be careful with brokers because we may face restrictions on moving our cryptocurrency holdings from their platform.

Robinhood and SoFi are two of the most well-known crypto brokers. At Robinhood and SoFi, we cannot transfer our crypto holdings out of their platform. This may not seem like a major issue, but advanced crypto investors prefer to hold their coins in crypto wallets for extra security. Some even choose hardware crypto wallets that are not connected to the internet for more security.

b) *Cryptocurrency exchanges.*

A cryptocurrency exchange is a platform where buyers and sellers meet to trade cryptocurrencies. Exchanges often have relatively low fees compares to others, but they tend to have more complex interfaces with multiple trade types and advanced performance charts, all of which can make them intimidating for new crypto investors.

Some of the most well-known cryptocurrency exchanges are Coinbase, Gemini and Binance.US. These companies’ standard trading interfaces may overwhelm the beginners and also offer user-friendly purchase options.

The convenience offered comes at higher cost compared to crypto via each platform’s standard trading interface.

Some exchanges allow us to purchases made with U.S. dollars, but some only allow us to buy crypto using another crypto.

B) The other methods

a) *Cryptocurrency trusts*

Another method in which investors have access to buy and sell public shares of the Trust under the respective trust symbol, the Trust is not an ETF, it is on popular commodity investment products such as the SPDR Gold Trust, a physically backed ETF in US.

Eg: The Grayscale Bitcoin Trust is a digital currency investment product that individual investors can buy and sell in their own brokerage accounts. The Grayscale Investment Trust debuted as The Bitcoin Investment Trust on Sept. 25, 2013 as a private placement to accredited investors and, later on, received FINRA approval for eligible shares to trade publicly under the symbol GBTC.

Disadvantages of investing in the Trust are:

- Paying high premiums along with the annual fee,
- Risk factors associated with the overall volatility in the cryptocurrency market,
- Investments vehicles aren't required to register with the regulators.

b) *Cryptocurrency mutual funds:*

The Securities and Exchange Board of India (Sebi) has barred home grown mutual funds players from making crypto-related investments till there is a law for such digital assets / crypto assets in our country. However, the markets regulator had approved Invesco’s Blockchain ETF Fund of Fund (FoF). But the MF Company has said it would not go ahead with the fund until there is regulatory certainty. The FoF was set up to provide Indian investors a route for investing in such new-age companies listed abroad.

c) *Blockchain stocks or ETFs etc:*

Many investors may be wary of risking an investment in blockchain due to the technology's association with the volatile cryptocurrency market. However, blockchain is not the same thing as cryptocurrency, and blockchain ETFs invest only in stocks of regulated companies, many of which are big blue-chip technology firms that have no direct involvement in cryptocurrency.

Blockchain-specific ETF would have been a massive step in the adoption of cryptos in India and the Investors are aware that there are still regulatory grey areas that need to be attended to till the market gets matured.

Note: *Bitcoin has the most crime reports of any cryptocurrency, which makes sense since it's also the oldest and most-widely held crypto. Beyond digital crimes, Bitcoin's safety as an investment is often questioned by many.*

Storage

Storing cryptocurrency, like any valuable asset, requires making a personal decision about how best to keep it safe while striking the right balance between functionality and security, depends up on the crypto investor attitude. Once we have purchased the cryptocurrency, we need to store it safely to protect it from hacks or theft. Usually, cryptocurrency is stored in crypto wallets (Hot and cold storage wallets). We have to choose between holding your cryptocurrency in a "hot" wallet, a "cold" wallet, or using a combination of the two, again investors mind-set.

a) *Hot storage wallets*

A hot wallet is connected to the internet and could be vulnerable to online attacks, which could lead to stolen funds but it's faster and makes it easier to trade or spend crypto.

Hardware wallets are designed to be immune to hacking even when a hardware wallet is plugged into your computer or connected via Bluetooth, depending on the storage method, the funds stored on the drive are difficult to steal but not impossible. Web-based wallets, mobile wallets, and desktop wallets are all typically hot wallets. Among them, web wallets are the least secure, though all crypto hot wallets are vulnerable to online attacks. A benefit to hot wallets is ease-of-use, because they are

always online and no need to transition between offline and online to make a cryptocurrency transaction.

Users who hold substantial amounts of cryptocurrency typically will not keep significant amounts of crypto in hot wallets. It's generally a bad idea to keep a lot of money on our wallets. Just like we can withdraw cash from an ATM, we can send more crypto to our hot wallet when the balance gets low.

b) *Cold storage wallets*

A cold wallet is typically not connected to the internet, so while it may be more secure, it's less convenient. Most well-respected exchanges store the majority of their customers' funds offline in a matrix of cold wallets, and then keep a certain amount needed for withdrawals in hot wallets. If we are storing significant amounts of cryptocurrency online, we have to be sure and do research on the reputation of the exchange we are using.

Generally, cold storage wallets are quite secure. Stealing from a cold wallet usually would require physical possession of or access to the cold wallet, as well as any associated PINs or passwords that must be used to access the funds. Most hardware wallets are cold wallets and live on devices that look like a small to medium-sized USB stick. Paper wallets, physical bitcoins, or a secondary offline computer used to store cryptocurrency are also cold storage wallet options.

A combination

A combination of cold and hot wallets is usually ideal. We want to strike a balance between the accessibility of a hot wallet, and the peace of mind and security of a cold wallet. Another popular trend is using a second phone that functions only as a mobile crypto cold wallet. When using a cell phone as a cold wallet, you would only turn it on when you want to make a transaction.

Fraud (Detailed in Part -3)

Some of the methodology used by fraudster are

- Fraudsters may pose as legitimate virtual currency traders or set up bogus exchanges to trick people into giving them money
- Fraudulent sales pitches for individual retirement accounts in cryptocurrencies etc.

Cont in Part 3.....

CA. RAJMOHAN R

UPDATED RETURN AND FORM U



CA. PREETHA SHENOY

In order to reduce the litigation and also to provide more time to furnish returns to the assesses a new provision is introduced in section 139(8A) of the Income Tax Act, 1961. Where as per section 139(8A) taxpayers are allowed to file updated returns, no matter whether he has previously filed or not the return of income for the relevant Assessment year u/s 139(1) or 139(4) or 139(5).

Vide Notification dated 29.04.2022 CBDT has notified Form U which has to be filed along with the applicable ITR 1 to ITR 7.

As Per the above referred notification taxpayers can file updated returns relating to assessment year commencing on 1st day of April 2020 and subsequent assessment years and the updated return can be filed upto twenty four months from the end of the relevant previous year.

CIRCUMSTANCES WHERE UPDATED RETURNS CAN BE FILED

1. Return previously not filed
2. Income not reported correctly
3. Wrong Head of Income Chosen
4. Reduction of carried forward Loss
5. Reduction of unabsorbed depreciation
6. Reduction of Tax credit u/s 115JB/115JC
7. Wrong Rate of Tax
8. Others

WHO ARE NOT ELIGIBLE TO FILE UPDATED RETURN

1. If updated return is a loss
2. If updated return will decrease the total tax liability declared earlier,
3. If updated return results in refund or increases the refund filed earlier
4. If search has been initiated u/s 132 or books of account or assets are requisitioned u/s 132A or survey has been conducted u/s 133A
5. If any proceeding for assessment or reassessment or recomputation or revision of income is pending or has been completed for that assessment year.
6. Any prosecution proceedings pending or information received under an agreement referred to in sections 90 or 90 A in respect of person and same has been communicated to him.

Different situations identified in case of assessee who has not filed return earlier: -

SITUATION	CONSEQUENCE
Assessee Wants to file return of loss	Assessee cannot file updated return
Assessee has claim for refund	Assessee cannot file updated return .Though assessee can file regular return as per the provisions of Section 119 of the Act.
Assessee wants to file updated return but with no tax payable after adjusting TDS	Updated return can be filed but the assessee will be liable to pay late fees u/s 234 F of the Act.
Individual Assessee has total Income of 4.5 lakhs and want to file updated return.	Yes, the assessee can file updated return after filing interest u/s 234F of the Act.

Different situations identified in case of assessee who has filed return earlier: -

SITUATION	CONSEQUENCE
Assessee earlier file return of Income now wants to file return of loss	Updated return cannot be filed.
Assessee has claim for higher refund	Assessee cannot file updated return claiming higher refund than originally filed.
Assessee earlier filed return of loss within the due date now wants to file updated return.	Updated return can be filed where such updated return is a return of income.
Assessee has filed updated return already for AY 2020-21	No updated return can be filed for the same assessment year.
A show cause notice under section 148A is issued	Updated return cannot be filed for that year
A search/survey has been conducted in March 2022	Cannot file updated return for AY 2022-23 and also for any assessment year preceding such assessment year.

FORM U

Apart from the General Information of the taxpayer PART A of the form requires the assessee to furnish the following

1. Indicate the reason for updating his/income and whether the taxpayer is filing updated return within 12 months /24 months from the end of relevant assessment year.
2. If the updated return is filed to reduce the carry forward loss or unabsorbed depreciation or tax credit, the taxpayer is also required to specify the assessment year where carry forward loss or unabsorbed depreciation or tax credit is being affected.
3. Whether revised return is filed for the relevant AY for which the assessee is filing updated return.

Part B of form U should clearly indicate the head of Income under which additional income is being returned as per updated return.

MODE OF VERIFICATION

Persons required to furnish ITR7	Electronically under Digital Signature
Persons required to furnish return in Form other than ITR7	Electronically under digital signature or Transmitting the data electronically in the return under electronic verification code

ADDITIONAL TAX PAYMENT

The Act requires that the taxpayer has to pay an additional **25 percent interest** on the tax due if the updated return is filed within 12 months and the interest goes up to 50 percent if it is filed after 12 months but before 24 months from the end of the relevant previous year.

As per section 140B of Income Tax Act 1961, income tax liability on updated return will be calculated as follows: -

Tax Payable + Interest + Fees Payable for non-filing of Income Tax (if any) + Amount Payable as Additional Tax (For taking benefit of Section 139(8A)) = Total Income Tax Liability Total

Tax Liability (As calculated above) Less TDS/TCS/Advance Tax/Tax Relief etc. = **Net Tax Liability under section 140B.**

EXAMPLE

XYZ Ltd. failed to furnish return of Income for the AY 2022-23 by the due date 30.10.2022 and also belated return by 31-12-2022. The company declares to total Income of Rs.50 Lakhs on a turnover of Rs.12 crore in the updated return on 31.03. 2023. Total Turnover of the company in the year 2019-20 is less than Rs.400 crore. The company have also paid advance tax on 15.03.2022 -Rs.250000 and have a TDS Credit of Rs.5 lakhs.

TAX, INTEREST AND FEE PAYABLE BY THE COMPANY WILL BE AS UNDER:

PARTICULARS	AMOUNT	AMOUNT
Taxable Income	50,00,000.00	
Tax@26%(Including Cess)[A]		13,00,000.00
Less: Advance Tax Paid	2,50,000.00	
less: TDS	5,00,000.00	
Total Tax Credit(B)		7,50,000.00
Total Tax payable on Income declared in updated return(A-B)		5,50,000.00
Add: Interest u/s 234A	27,500.00	
234B	66,000.00	
234C	27,775.00	
234F	5,000.00	
Total Interest Payable		1,26,275.00
Total Tax Interest and Fee Payable		6,76,275.00
Additional Tax Payable @25% on above		1,69,069.00
TAX PAYABLE U/S 140B		8,45,340.00

While furnishing the updated return the taxpayer is required to give proof of the payment of the entitled tax and the interest including with the late return furnishing the fees and the additional tax.

TO CONCLUDE

This scheme is actually beneficial to the assessee in the sense that he can declare additional income omitted out and at the same time it will generate more revenue to government and promises a litigation free environment in future.

This scheme can be very well utilized for those who have to declare such incomes disclosed in Annual Information statement and failed to include while filing the original return.

On the flip side the additional tax liability is much more and this results in the higher rise of tax liability.

CA. PREETHA SHENOY

Glimpses

APRIL 22



23.04.2022

CPE SEMINAR ON SCHEDULE III - AN UPDATE ON COMPANIES ACT
SPEAKER : CA. MADHUKUTTAN PILLAI K B, ERNAKULAM



26.04.2022

CPE SEMINAR ON CLAUSE BY CLAUSE ANALYSIS OF FINANCE ACT 2022
SPEAKER : CA. PRASANTH SRINIVAS, KOTTAYAM

Glimpses

APRIL 22



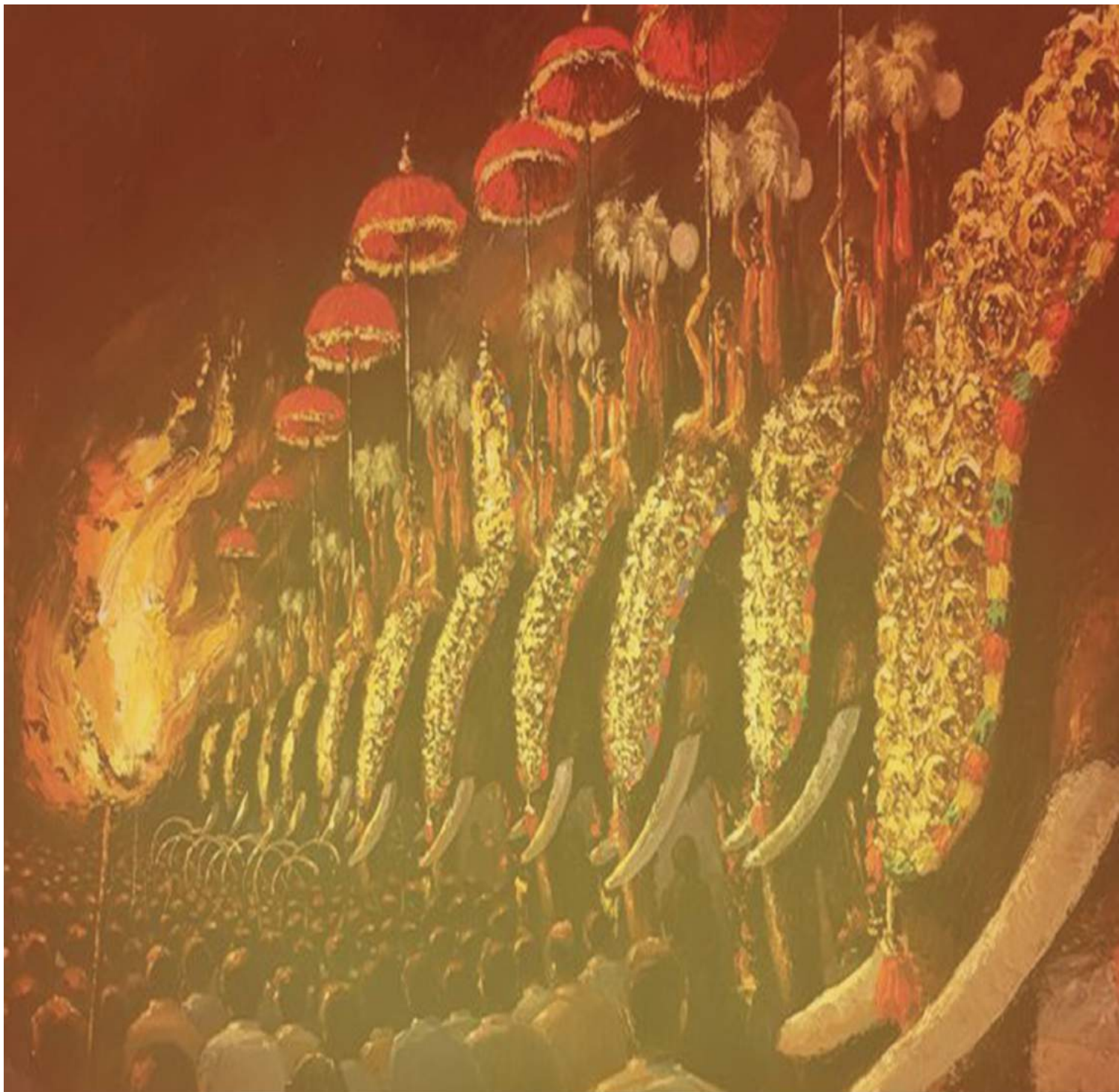
26.04.2022

CPE SEMINAR ON CURRENT GLOBAL MARKET CONDITIONS - AN INDIAN PERSPECTIVE
SPEAKER: MR. R. K GURUMURTHY, TREASURY HEAD - DHANLAXMI BANK



05.04.2022

CAREER COUNSELLING PROGRAMMES
SAHRDAYA COLLEGE OF ADVANCED STUDIES, KODAKARA



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